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MISCELLANEOUS TARIFF, TRADE, AND CUSTOMS MATTERS

NOVEMBER 15 (legislative day, NOVEMBER 14), 1983.—Ordered to be printed

Mr. DOLE, from the Committee on Finance, submitted the following

REPORT

[To accompany H.R. 2163]

The Committee on Finance, to which was referred the bill (H.R. 2163) to amend the Federal Boat Safety Act of 1971, and for other purposes, having considered the same, reports favorably thereon with an amendment and recommends that the bill, as amended, do pass.

I. SUMMARY

H.R. 2163, as referred to the committee, was ordered favorably reported with amendments which struck everything after the enacting clause and substituted the provisions described herein. H.R. 2163, as amended, contains miscellaneous amendments to the tariff and trade laws of the United States. A summary of H.R. 2163, as amended, follows:

CORDAGE PRODUCTS

Section 1 would reclassify certain cordage products currently classified in schedule 7 into schedule 3 at higher rates of duty than are currently applicable.

"LIKE PRODUCTS"

Section 2 would amend the current definition of "like products" in section 771(10) of the 1930 Tariff Act, to include agricultural products at earlier stages of processing than imported articles.

FISH NETS

Section 3 would accelerate, within a quota, the current staged duty reduction on fish netting and fish nets which are now to become fully reduced (to 17 percent ad valorem) in 1989.

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II. General Explanation

In this general explanation of the substantive provisions of H.R. 4566, the following acronyms or phrases have the indicated meaning:

(1) "TSUS" means the Tariff Schedules of the United States.

(2) "MFN rate of duty" for an item in the TSUS means the rate of duty under column No. 1 of the TSUS for that item, which is the rate of duty applicable to imports from countries receiving most-favored-nation treatment.

(3) "Non-MFN rate of duty" for an item in the TSUS means the rate of duty under column No. 2 of the TSUS for that item, which is the rate of duty applicable to imports from countries not receiving most-favored-nation treatment.

(4) "LDCC rate of duty" for an item in the TSUS means the rate of duty under the column designated LDCC in the TSUS for that item, which is the preferential rate of duty applicable to imports from the least developed of the developing countries; that is, those countries listed in general headnote 3(d) of the TSUS. This rate of duty is the reduced rate of duty negotiated in the multilateral trade negotiations, and in most cases will be applicable to imports from all countries receiving MFN treatment on and after January 1, 1987.

(5) "GSP" means the generalized system of preferences established under title V of the Trade Act of 1974, which provides duty-free treatment to specified articles imported from designated developing countries.

(6) "MTN" means the multilateral trade negotiations, concluded in Geneva, Switzerland, in 1979.

SECTION 1—CORDAGE PRODUCTS

Current law

Cordage manufactured from a plastics materila (such as polypropylene), which meets the dimensional requirements for manmade fiber "strips", is classified in schedule 3 as "cordage." However, cordage manufactured from plastics material in the form of "strips," which do not meet the dimensional requirements for manmade fiber "strips," is currently considered to be an article of plastics and classified in schedule 7. The definition of "cordage" as provided in schedule 3, part 2, headnote (1)(a), restricts "cordage" to "* * * assemblages of textile fibers or yarns * * *". Imports of cordage-like products which are manufactured from plastic strips, which do not meet the TSUS dimensional requirements for manmade fiber "strips," cannot be classified by the Customs Service as "cordage." Consequently, such cordage-like products are classified in schedule 7, part 12, subpart D, item 774.55 as "Articles not Specifically Provided for of Rubber or Plastics: Other," at a column 1 rate of duty of 6.9 percent ad valorem.

Cordage classifiable in schedule 3 is subject to a column 1 rate of duty of 8 cents per pound plus 12.7 percent ad valorem with an ad valorem equivalent (AVE) of 16.3 percent for TSUS item 316.55 (measuring under $\frac{3}{16}$ inch in diameter) and 12.5 cents per pound, plus 15 percent ad valorem with AVE of 23.5 percent for TSUS item 316.58 (measuring $\frac{3}{16}$ inch or over in diameter).

The bill

Section 1 would reclassify cordage (twine, rope, and cables) currently classified in schedule 7 (specified products; miscellaneous and nonenumerated products), into schedule 3 at higher rates of duty than are currently applicable. This would be accomplished by amending TSUS headnote (1)(a), part 2 of schedule 3 (textile fiber and textile products) which defines textile cordage. In addition it would amend the superior heading ("of manmade fibers") to items 316.55 and 316.58 by adding language to inclue "plastics or other manmade materials".

Reasons for the provision

Cordage-like products made from plastic strips over one inch in width are subject to much lower duties than are cordage products made from plastic material which meets the dimensional requirements for manmade fiber "strips." Domestic cordage manufacturers contend that the difference in classification has permitted foreign manufacturers of cordage-like products to gain entry into the U.S. market at rates of duty which are lower than was intended for cordage products. The reclassification is intended to treat apparently indistinguishable products alike.

SECTION 2—"LIKE PRODUCTS"

Current law

Apple and pear juice, not mixed and not containing over 1 percent of ethyl alcohol by volume, whether or not concentrated, are free of duty under the MFN rate set for TSUS item 1654.15. This rate has been in effect since 1971. The non-MFN rate is 5 cents per gallon. Under section 303(b) of the 1930 Tariff Act, countervailing duties may be levied on imported articles that are free of duty after it has been determined by the U.S. International Trade Commission (ITC) that the imports are causing or threatening injury to a domestic industry and the Commerce Department determines that the imports benefit from subsidies.

The bill

As originally introduced, the bill would have imposed a one-tenth of 1 cent duty on apple and pear juice. This would have permitted the imposition of countervailing duties in countervailing duty proceedings without an ITC determination on injury. As amended by the committee, the bill instead amends the current definition of "like product" in section 771(10) of the 1930 Tariff Act, to include agricultural products at earlier stages of processing than imported articles.

Reasons for the provision

Under current countervailing duty law, fruitgrowers may not seek relief against imports of juice made from those fruits because they do not produce "like products." The bill would expand the definition of "like products" under the countervailing duty laws so that growers of primary agricultural products may seek relief from subsidized imports of processed products.

SECTION 3—FISH NETS

Current law

TSUS item 355.45 includes fish netting and fishing nets (including sections thereof), of textile materials other than cotton or other vegetable fibers. Manmade fibers account for most of the yarn or twine used in making the netting and nets imported under TSUS item 355.45. Such articles constructed in chief value of cotton (item 355.35) or in chief value of other vegetable fibers, except cotton (items 355.40 and 355.42) would not be affected by S. 759.

The MFN rate of duty for item 355.45 is 18 cents per pound plus 28.6 percent ad valorem. The non-MFN rate is 82 percent. Such imports are not eligible for GSP benefits.

The MFN rate will be reduced in stages to 17 percent ad valorem by 1989.

The bill

As introduced, S. 759 would have lowered the rate of duty for certain fish netting and fishing nets provided for in TSUS item 355.45, by striking out the 1983 MFN rate of duty ("18 cents per one pound plus 28.6 percent ad val.") and inserting in lieu thereof "17 percent ad val." This latter rate would be equivalent to the final staged reduction pursuant to the recent multilateral trade negotiations MTN. The rate would otherwise become effective on January 1, 1989.

S. 759, as amended, accelerates, within a quota, the current staged duty reductions on fishing nets which are now to become fully reduced (to 17 percent ad valorem) in 1989. The bill would permit the 17-percent tariff rate to apply immediately to the first 1.75 million pounds of fish nets, or 28 percent of the prior year's domestic consumption, whichever is greater.

Reasons for the provision

The acceleration of the anticipated duty reduction is intended to assist the domestic fishing industry which is the primary consumer of imported fish netting and fish nets. The acceleration is limited to a quota amount to avoid any surge of imports due to the accelerated duty reductions which would displace the small domestic fish netting and fish net industry.

III. Budgetary Impact of the Bill

In compliance with section 252(a) of the Legislative Reorganization Act of 1970, section 308 of the Congressional Budget Act of 1974, and paragraph 11(a) of rule XXVI of the Standing Rules of the Senate, the committee states that it is impracticable to make estimates of the costs of this bill because information relating to the revenue effects of certain changes in the tariff schedules that would be made by this bill are unavailable at this time.

IV. Regulatory Impact of the Bill

In compliance with paragraph 11(b) of rule XXVI of the Standing Rules of the Senate, the committee states that in general the provisions of the committee bill will not regulate any individuals or businesses,

will not impact on the personal privacy of individuals, and will result in no additional paperwork. The provisions of the bill generally do not change the procedures by which the products covered enter the United States: it changes only the duties applicable. Section 2 will expand the definition of "like products" under the Tariffs Act of 1930, but it is expected that little additional paperwork or other regulatory burdens will be imposed upon importers if the definition is ever involved.

Section 3 requires the International Trade Commission to determine and report to the Secretaries of the Treasury and Commerce the aggregate apparent U.S. consumption of fish netting and fish nets, in pounds, during the preceding calendar year, and to publish its determination in the Federal Register, but the ITC has the capability of making this determination using existing resources.

V. Vote of the Committee

In compliance with paragraph 7(c) of rule XXVI of the Standing Rules of the Senate, the following statement is made relative to the vote by the committee on the motion to report the bill. H.R. 3398, as amended, was ordered favorably reported without objection.

VI. Changes in Existing Law

In the opinion of the committee, it is necessary, in order to expedite the business of the Senate, to dispense with the requirements of paragraph 12 of rule XXVI of the Standing Rules of the Senate (relating to the showing of changes in existing law made by the provisions of H.R. 2163, as reported by the committee).

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